

# **THE JACOBS REPORT**

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## **SENATE BUSY AFTER ELECTION**

The Michigan Senate was back in session Wednesday morning for its first week of *Lame Duck* activity. Months ago, political observers looked forward to this year's *Lame Duck* as a potential portal for debate and passage of legislation dealing with retirement, revenue and racino issues.

Although none of those controversial subjects will be up for consideration this time around, the Legislature will be working through a number of medium-profile issues including mental health parity, HMO product structure, liquor pricing, and replacing the MEAP test with the ACT.

## **LIQUOR PRICING BUZZ KILL?**

Thursday, the Senate was poised to pass legislation (HB 4458) that would allow liquor retailers to charge more for liquor, thus allowing the market place to drive up the price on consumers.

The bill, sponsored by Rep. Sal Rocca (R-Sterling Heights), would maintain the Michigan Liquor Control Commission's control over the minimum price that could be charged, but would eliminate price controls by allowing liquor retailers to raise their prices above the state-mandated minimums.

Michigan, like 17 other "control" states, buys all liquor to be sold in the state, marking up the price and taxing it before sending it to market. Last year, this process resulted in about \$280 million in revenue.

The legislation could result in additional revenue to the state from taxes collected from higher selling prices.

Retailers would be the real winners. They are looking to increase their profit margins at a time when Michigan liquor sales are peaking. Beer and wine sales, which are not price-controlled, are stagnant. Younger drinkers are trending toward hot-selling flavored liquors like raspberry, orange, vanilla and lemon vodkas—and retailers want to charge more for these products given the demand.

Unlike beer or wine, liquor must jump through several bureaucratic hurdles before it is poured into a consumer's glass. The state purchases liquor from distillers and distributes it to state-licensed wholesalers who then ship it to liquor stores and bars. While beer and wine prices are allowed to fluctuate in the free market, retailers are required to sell liquor at specific prices. Bars and restaurants are allowed to charge drinks at or above the state's price.

This process—and the price-control battle—has not changed much since 1933 and the end of Prohibition, when the state took control of the industry.

The purchase price of liquor in Michigan is already substantially higher than any other Great Lakes state, up to 20 percent more per bottle.

HB 4458 hit a last-minute snag last week and was not voted on. It will likely be on the Senate calendar next week for consideration.

## **MEAP CHANGE ON THE WAY?**

### **GOVERNOR NOT IMPRESSED WITH PERFORMANCE**

This week, Governor Granholm expressed deep concern over new state data on the academic performance of Michigan's high schools.

In a letter addressed to Lieutenant Governor John D. Cherry, who is leading a Commission on Higher Education and Economic Growth, she described the current performance of state high schools as "unacceptable" and said the problem threatens Michigan's economic future.

Granholm also urged the Lt. Governor and Commission members to find bold solutions to improve the achievement of Michigan high school students.

"I remain convinced that we must raise the level of educational attainment in Michigan if we are to compete for jobs and economic growth" said Granholm. "We will never achieve our goal of doubling the number of college graduates we produce in Michigan without addressing the performance of our high schools."

The Governor's letter cited statistics showing that more than a third of Michigan high schools have failed to meet the academic goals established by the Michigan Department of Education in compliance with federal No Child Left Behind legislation. The letter also referenced data showing an increase in the number of schools indicating they are graduating less than 80 percent of their students.

Earlier this year, Governor Granholm asked the Lt. Governor to chair the Commission charged it with finding ways to double the number of students earning college degrees in Michigan within 10 years.

The Cherry Commission is expected to issue its recommendations in mid-December.

### **HIGH SCHOOL M.E.A.P. LIKELY CHANGING**

As the high school report cards were released from the 2003-04 school year, it appeared certain that the test on which those report cards were based would be changing.

Thursday, the Senate Education Committee reported a package of bills that would require the Department of Education to replace the Michigan Educational Assessment Program high school test with a nationally normed test, at least portions of which could be used as a college entrance exam.

Department of Education officials, who had initially opposed the proposal as too expensive and not unique to state standards, grudgingly acknowledged that the train has left the station. Some sources contend that the plan will be endorsed by Lt. Governor John Cherry's Commission on Higher Education and Economic Development.

The subcommittee working on the testing issue is expected to have its report to the full commission in the coming days—in advance of the December final report from the Cherry Commission.

Granholm press secretary Liz Boyd would not confirm whether Mr. Cherry or other members of the administration were backing the legislation. "This issue is of great importance to the governor and something the Cherry Commission is looking into," she said. "So we're going to reserve judgment until we hear from the Cherry Commission."

## **BYRUM, WATERS RE-ELECTED TO LEAD HOUSE DEMOCRATS**

Reps. Dianne Byrum of Onondaga and Mary Waters of Detroit were re-elected Thursday by their fellow House Democrats.

Ms. Byrum's re-election to the top job as minority leader - she was unopposed - was anticipated after House Democrats exceeded expectations in Tuesday's elections by narrowing the Republican majority in the House from 63-46 and a vacancy to 58-52.

House Republicans will hold their leadership elections next week. Speaker Rick Johnson (R-LeRoy) and Floor Leader Randy Richardville (R-Monroe) are both term limited and will need to be replaced.

Ironically, when the Democratic female leadership tandem returns for the 93rd Legislature in January, a total of 19 women will be in Michigan's House of Representatives, five fewer than in the current 92nd Legislature.

The number of women in the House has steadily dropped since it reached its peak of 32 members out of the 110-member chamber following the election of 1998.

Of the 19 women in the House, 12 are Democrats.

## **UPCOMING EVENTS**

### **GERONTOLOGY PANEL DISCUSSION**

Monday, November 8, 10:30 AM – 12:15 PM

Botsford Commons Community

Town Commons Dining Room

21300 Archwood Circle

Farmington Hills

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All Michigan legislation can be tracked at <http://www.legislature.michigan.gov/> .

State Senator Gilda Jacobs represents the 14<sup>th</sup> Senate District, which includes Beverly Hills, Bingham Farms, Farmington, Farmington Hills, Ferndale, Franklin, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak Township, Southfield, and Southfield Township. She is the Minority Vice Chair of the Families & Human Services Committee and the Economic Development, Small Business & Regulatory Reform Committee. She also serves on the Government Operations and Health Policy Committees.

**Constituents of the 14<sup>th</sup> District may contact Senator Jacobs at [sengjacobs@senate.michigan.gov](mailto:sengjacobs@senate.michigan.gov) or toll-free at 1-888-937-4453.**

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